

Hovid Bhd (Company no: 58476 A)
Condensed Consolidated Statement of Financial Position (Unaudited)
for the second financial quarter of financial year ending 30 June 2011

	As at current period ended 31/12/2010 (Unaudited) RM '000	As at preceding financial year ended 30/06/10 (Audited) RM '000
ASSETS		
Non-Current Assets		
Property, plant and equipment	92,568	389,778
Intangible assets	26,273	25,290
Investment property	850	850
Investment in associate	21,431	-
Deferred tax assets	108	108
Rights to reimbursement under insurance policies	277	269
	141,507	416,295
Current Assets		
Inventories	24,100	83,162
Trade receivables	26,337	40,322
Other receivables, deposits and prepayments	4,341	7,485
Amount owing by associate	881	-
Cash and bank balances	11,299	9,609
	66,958	140,578
Total Assets	208,465	556,873
EQUITY		
Equity Attributable to Shareholders of the Company		
Share capital	76,208	76,208
Share premium	90	90
Revaluation and other reserves	18,755	20,640
Retained earnings	3,120	5,268
	98,173	102,206
Minority Interest	5,429	24,429
Total Equity	103,602	126,635
LIABILITIES		
Non-Current Liabilities		
Deferred tax liabilities	11,266	11,201
Term loans	6,296	4,853
Hire purchase creditors	2,505	612
Provision for retirement benefit	1,562	1,444
	21,629	18,110
Current Liabilities		
Trade payables	14,817	25,687
Other payables and accruals	17,527	40,948
Term loans	10,521	195,022
Short term borrowings	30,331	114,310
Bank overdrafts	5,613	27,743
Hire purchase creditors	2,345	6,695
Tax payable	2,080	1,723
	83,234	412,128
Total Liabilities	104,863	430,238
Total Equity And Liabilities	208,465	556,873
Net Assets Per Share Attributable To Ordinary Equity Holders Of The Company (Sen)	12.9	13.4

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 30 June 2010 and the accompanying explanatory notes attached to the interim financial statements.



Continuous Innovation & Quality

Hovid Bhd (Company no: 58476 A)

Condensed Consolidated Income Statement (unaudited)

for the second financial quarter of financial year ending 30 June 2011

	Individual quarter 3 months ended 31 December		Cumulative quarter 6 months ended 31 December	
	2010 RM '000	2009 RM '000	2010 RM '000	2009 RM '000
	Revenue	39,211	72,646	81,627
Other operating income	937	5,294	6,754	9,012
Operating expenses	(31,237)	(67,691)	(76,962)	(145,970)
Profit from operations (Note B1)	8,911	10,249	11,419	34,200
Depreciation & amortisation	(1,402)	(7,832)	(5,683)	(15,433)
Finance costs	(371)	(3,628)	(3,818)	(8,023)
Share of losses of associate, net of tax	(4,202)	-	(3,134)	-
Profit/(Loss) before taxation	2,936	(1,211)	(1,216)	10,744
Taxation	(1,608)	(776)	(2,619)	(2,501)
Profit/(Loss) for the quarter/period	1,328	(1,987)	(3,835)	8,243
Attributable to:				
Equity holders of the Company	1,469	(367)	(3,942)	7,468
Non-controlling interests	(141)	(1,620)	107	775
Profit/(Loss) for the quarter/period	1,328	(1,987)	(3,835)	8,243
Earning/(Loss) per share attributable to equity holders of the Company (sen) (Note B13)				
- Basic at nominal value of RM0.10 per share	0.2	(0.0)	(0.5)	1.0
- Diluted at nominal value of RM0.10 per share	0.1	(0.0)	(0.3)	0.7

The Condensed Consolidated Income Statement should be read in conjunction with the audited financial statements for the year ended 30 June 2010 and the accompanying explanatory notes attached to the interim financial statements.



Continuous Innovation & Quality

Hovid Bhd (Company no: 58476 A)

**Condensed Consolidated Statement of Comprehensive Income (unaudited)
for the second financial quarter of financial year ending 30 June 2011**

	Individual quarter 3 months ended 31 December		Cumulative quarter 6 months ended 31 December	
	2010 RM '000	2009 RM '000	2010 RM '000	2009 RM '000
Profit/(Loss) for the quarter/period	1,328	(1,987)	(3,835)	8,243
Other comprehensive income/(expense):-				
Foreign currency translation differences for foreign operations	-	(131)	(281)	250
Realisation of revaluation surplus on disposal of a subsidiary	-	-	44	-
Minority interest in subsidiary disposed	-	-	(18,961)	-
Total other comprehensive income/(expense) for the quarter/period	-	(131)	(19,198)	250
Total comprehensive income/(expense) for the quarter/period	1,328	(2,118)	(23,033)	8,493
Attributable to:				
Equity holders of the Company	1,469	(497)	(4,033)	7,717
Minority interest	(141)	(1,621)	(19,000)	776
Total comprehensive income/(expense) for the quarter/period	1,328	(2,118)	(23,033)	8,493

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 30 June 2010 and the accompanying explanatory notes attached to the interim financial statements.

Hovid Bhd (Company no: 58476 A)
Condensed Consolidated Statements of Changes in Equity (unaudited)
for the second financial quarter of financial year ending 30 June 2011

	Attributable to Equity Holders of the Company					Minority Interest RM '000	Total Equity RM '000
	Non-distributable			Distributable	Total RM '000		
	Share capital RM '000	Share premium RM '000	Reserves RM '000	Retained earnings RM '000			
PERIOD ENDED 31 DECEMBER 2010							
At 1 July 2010	76,208	90	20,640	5,268	102,206	24,429	126,635
Total comprehensive expense for the period	-	-	(1,885)	(2,148)	(4,033)	(19,000)	(23,033)
At 31 December 2010	76,208	90	18,755	3,120	98,173	5,429	103,602
PERIOD ENDED 31 DECEMBER 2009							
At 1 July 2009	76,208	90	20,671	59,220	156,189	39,035	195,224
Total comprehensive income for the period	-	-	249	7,468	7,717	776	8,493
Increase in equity of a subsidiary	-	-	-	-	-	18,864	18,864
At 31 December 2009	76,208	90	20,920	66,688	163,906	58,675	222,581

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 30 June 2010 and the accompanying explanatory notes attached to the interim financial statements.

Hovid Bhd (Company no: 58476 A)
Condensed Consolidated Statement of Cash Flows (unaudited)
for the second financial quarter of financial year ending 30 June 2011

	Cumulative 6 months ended 31 December		
	Note	2010 RM '000	2009 RM '000
Cash generated in operating activities		28,681	5,680
Net cash generated/(used) in investing activities		27,751	(28,949)
Net cash used in financing activities		(33,119)	39,669
Change in cash and cash equivalents		23,313	16,400
Effect of exchange rate changes		3	6
Cash and cash equivalents at beginning of the period		(18,485)	(12,025)
Cash and cash equivalents at end of the period	(I)	4,831	4,381

Note:

(I) Cash and cash equivalents comprises:

	<u>RM '000</u>	<u>RM '000</u>
Cash and bank balances	11,299	16,721
Less: Pledged deposits with licenced banks	(855)	-
Cash and bank balances excluding pledged deposits	10,444	16,721
Bank overdraft	(5,613)	(12,340)
	<u>4,831</u>	<u>4,381</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 30 June 2010 and the accompanying explanatory notes attached to the interim financial statements.

A1 Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134, Interim Financial Reporting, and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 30 June 2010. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 30 June 2010.

A2 Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 30 June 2010, except for the following new/revised standards applicable for annual periods beginning on or after 1st July 2010:-

a FRS 101 (revised) – Presentation of Financial Statements

This standard requires changes in the format and content of the financial statements and prohibits the presentation of items of income and expenses (that is ‘non-owner changes in equity’) in the statement of changes in equity, requiring ‘non-owner changes in equity’ to be presented separately from owner changes in equity. All ‘non-owner changes in equity’ is required to be presented as a single statement or two statements (comprising the income statement and statement of comprehensive income). The Group has elected to show other comprehensive income in a separate statement from the income statement. The adoption of this standard does not have any impact on the financial position and results of the Group.

b Amendments to FRS 117 – Leases

The amendments to FRS 117 clarify the classification of lease of land and require entities with existing leases of land and buildings to reassess the classification of land as finance or operating lease.

The Group has reassessed and determined that all leasehold land are in substance finance lease and has reclassified the leasehold land to property, plant and equipment. The adoption of these amendments will result in a change in accounting policy which will be applied retrospectively in accordance with the transitional provisions and has no effect on reported profit or equity.

The following comparative figures have been restated following the adoption of the amendments to FRS 117:-

	As previously reported	Adoption of FRS 117	As restated at 30/06/10
	RM'000	RM'000	RM'000
Property, plant and equipment	372,600	17,178	389,778
Prepaid lease payments	17,178	(17,178)	-

Hovid Bhd (Company no: 58476 A)

Quarterly financial report (unaudited)

for the second financial quarter of financial year ending 30 June 2011

Explanatory Notes as per FRS 134, Interim Financial Reporting

c FRS 139 - Financial Instruments : Recognition and Measurement

Prior to the adoption of FRS 139, financial derivatives were recognised on their settlement dates. Outstanding derivatives at the reporting date were not recognised. With the adoption of FRS 139, all financial assets and financial liabilities, including derivatives, are recognised at contract dates when, and only when the Group becomes a party to the contractual provisions of the instruments. The recognition, derecognition and measurement are applied prospectively from 1 July 2010.

A3 Audit report of preceding annual financial statements

The auditors' report on the Company's financial statements for the year ended 30 June 2010 was qualified in the manner of Disclaimer of Opinion due to the following significant material uncertainties on the ability of the Group and the Company to continue as going concerns:-

The Group and the Company incurred a net loss of RM92.6 million and RM37.5 million respectively for the year ended 30 June 2010 and, as of that date, the current liabilities of the Group and the Company exceeded their current assets by RM271.6 million and RM27.5 million respectively.

On 1 July 2010, the Board of Directors of Carotech Bhd ("Carotech"), a then subsidiary, made an announcement pursuant to the Guidance Note 5 ("GN5") of the Bursa Malaysia Securities Berhad ACE Market Listing Requirements, regarding its defaults on repayment and has sought the assistance of the Corporate Debt Restructuring Committee ("CDRC") to mediate between the subsidiary and the lenders on its Proposed Debt Restructuring scheme ("the proposed scheme"). The CDRC has agreed to mediate and allowed a period of 6 months from 1 July 2010 to complete the proposed scheme. The lenders are currently reviewing and considering the proposed scheme but no decision has been made as at the date the financial statements for the year ended 30 June 2010 was approved by the Board of Carotech.

Certain banking facilities of the Company include cross default terms which allows the lender banks to proceed with legal proceedings against the Company, recall the facilities, interest thereon and all other monies payable to the lender banks or to withdraw the facilities if there is a default in repayment by any one of the related companies. Management has notified the respective lender banks of the Company of the cross default which was a result of the subsidiary defaulting on its borrowings. To date the lender banks have continued to make available the borrowing facilities and have not taken any action against the Company as a result of this cross default.

The above events may affect the ability of the Group and the Company to obtain continued financial support from the lenders and also to achieve sufficient positive cash flows in the future to fulfill their obligations as and when they fall due.

Consequently, pursuant to Paragraph 8.04 and Paragraph 2.1(d) of Practice Note 17 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia, the Company has been categorised as a PN17 Company. The Company is required by the MMLR to submit a regularisation plan to the Securities Commission or Bursa Malaysia for approval within 12 months from 29 October 2010.

Hovid is in discussion with its advisors and Bursa Securities on a Regularisation Plan, as required for a PN17 company. The Regularisation Plan would be duly announced in due course as per the requirement of PN17.



Continuous Innovation & Quality

Hovid Bhd (Company no: 58476 A)

Quarterly financial report (unaudited)

for the second financial quarter of financial year ending 30 June 2011

Explanatory Notes as per FRS 134, Interim Financial Reporting

A4 Comment about seasonal or cyclical factors

The business operations of the Group were not materially affected by any seasonal or cyclical factors during the quarter under review.

A5 Unusual items affecting assets, liabilities, equities, net income or cash flows

There were no items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence.

A6 Significant estimates and changes in estimates

There were no changes in estimates that have had any material effect in the current quarter and financial period results.

A7 Debt and equity securities

There were no issuance and repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current quarter and financial period.

A8 Dividends

No dividend has been declared or recommended in respect of the financial period under review.

Hovid Bhd (Company no: 58476 A)

Quarterly financial report (unaudited)

for the second financial quarter of financial year ending 30 June 2011

Explanatory Notes as per FRS 134, Interim Financial Reporting

A9 Segment information

The Group's primary reporting format is based on business segments, namely, the pharmaceutical ("Hovid Segment") and phytonutrient/oleochemical/biodiesel ("Carotech Segment") industries.

The Group operates in two main business segments:

	Individual quarter ended 31 December		Cumulative 12 months ended 31 December	
	2010 RM '000	2009 RM '000	2010 RM '000	2009 RM '000
Revenue				
Hovid Segment	39,211	26,353	73,359	57,774
Carotech Segment	-	46,293	8,268	113,384
Group revenue	39,211	72,646	81,627	171,158
Profit/(Loss) before tax and non-recurring items				
Hovid Segment	7,138	2,143	12,226	8,219
Carotech Segment				
- As subsidiary	-	(3,354)	455	2,525
- As associate, share of loss net of tax	(4,202)	-	(3,134)	-
Group profit/(loss) before tax	2,936	(1,211)	9,547	10,744
Non-recurring items				
Carotech Segment				
<i>Allowance for amount owing by Carotech</i>	-	-	(21,536)	-
<i>Gain on disposal of investment in Carotech</i>	-	-	10,773	-
Total non-recurring items	-	-	(10,763)	-
Profit/(Loss) before tax and after non-recurring items				
Hovid Segment	7,138	2,143	12,226	8,219
Carotech Segment				
- As subsidiary	-	(3,354)	(10,308)	2,525
- As associate, share of loss net of tax	(4,202)	-	(3,134)	-
Group profit/(loss) before tax	2,936	(1,211)	(1,216)	10,744
Profit/(loss) after tax and non-recurring items				
Hovid Segment	5,530	1,944	9,621	6,870
Carotech Segment				
- As subsidiary	-	(3,931)	(10,321)	1,373
- As associate, share of loss net of tax	(4,202)	-	(3,135)	-
Net profit/(loss) after tax	1,328	(1,987)	(3,835)	8,243



Continuous Innovation & Quality

Hovid Bhd (Company no: 58476 A)

Quarterly financial report (unaudited)

for the second financial quarter of financial year ending 30 June 2011

Explanatory Notes as per FRS 134, Interim Financial Reporting

A10 Valuation of property, plant and equipment

The Group did not carry out any revaluation on its property, plant and equipment during the current financial quarter.

A11 Material subsequent events

There was no material event subsequent to the end of the current financial quarter.

A12 Changes in the composition of the Group

There were no changes to the composition of the Group during the current financial quarter.

A13 Changes in contingent liabilities and contingent assets

There were no material changes in contingent liabilities or contingent assets since the date of last annual report as at 30 June 2010, to the date of this report.

A14 Significant related parties transactions

There were no significant related parties transactions during this reporting quarter and financial period to date.

A15 Capital commitments

The Group's capital commitments not provided for in the interim financial statements as at balance sheet date were as follows:

	RM '000
Authorised and contracted	
Plant and equipment	982
Total	982
Authorised but not contracted	
Buildings	6,552
Total	6,552
Total capital commitments	7,534



Continuous Innovation & Quality

Hovid Bhd (Company no: 58476 A)

Quarterly financial report (unaudited)

for the second financial quarter of financial year ending 30 June 2011

Explanatory Notes Pursuant to the Listing Requirements of Bursa Malaysia Securities Berhad

B1 Review of performance

	Individual quarter 3 months ended 31 December		Cumulative 6 months ended 31 December	
	2010 RM '000	2009 RM '000	2010 RM '000	2009 RM '000
Revenue				
Hovid Segment	39,211	26,353	73,359	57,774
Carotech Segment	-	46,293	8,268	113,384
Group revenue	39,211	72,646	81,627	171,158
Profit/(Loss) before tax and non-recurring items				
Hovid Segment	7,138	2,143	12,226	8,219
Carotech Segment				
- As subsidiary	-	(3,354)	455	2,525
- As associate, share of loss net of tax	(4,202)	-	(3,134)	-
Group profit/(loss) before tax	2,936	(1,211)	9,547	10,744
Non-recurring items				
Carotech Segment				
<i>Allowance for amount owing by Carotech</i>	-	-	(21,536)	-
<i>Gain on disposal of investment in Carotech</i>	-	-	10,773	-
Total non-recurring items	-	-	(10,763)	-
Profit/(Loss) before tax and after non-recurring items				
Hovid Segment	7,138	2,143	12,226	8,219
Carotech Segment				
- As subsidiary	-	(3,354)	(10,308)	2,525
- As associate, share of loss net of tax	(4,202)	-	(3,134)	-
Group profit/(loss) before tax	2,936	(1,211)	(1,216)	10,744
Profit/(loss) after tax and non-recurring items				
Hovid Segment	5,530	1,944	9,621	6,870
Carotech Segment				
- As subsidiary	-	(3,931)	(10,321)	1,373
- As associate, share of loss net of tax	(4,202)	-	(3,135)	-
Net profit/(loss) after tax	1,328	(1,987)	(3,835)	8,243



Continuous Innovation & Quality

Hovid Bhd (Company no: 58476 A)

Quarterly financial report (unaudited)

for the second financial quarter of financial year ending 30 June 2011

Explanatory Notes Pursuant to the Listing Requirements of Bursa Malaysia Securities Berhad

B1 For the Quarter

cont. The Group's revenue for the current financial quarter ended 31 December 2010 of RM39.2 million was 46% lower as compared to the same quarter for the financial year ended 2010 of RM72.6 million.

Arising from the disposal of 8.8% interest in Carotech in August 2010, Carotech was no longer a subsidiary since the end of August, as the effective shareholding was 49.4%. Subsequent to August 2010, the result of Carotech was accounted for under equity accounting as an associated company. Currently, the shareholding of Hovid in Carotech is 38.5%.

Hovid segment recorded a 49% growth in revenue as compared to the same quarter for the preceding year. The growth was due to the increase in demand for pharmaceutical products during the quarter.

The Group recorded a profit before taxation ("PBT") of RM2.9 million for the current financial quarter as compared to a loss before taxation ("LBT") of RM1.2 million in the same quarter for the financial year 2010, an increase of RM4.1 million. The Hovid segment PBT has increased significantly by RM5.0 million or 233% during the current quarter in comparison to the same quarter for the previous financial year. This is mainly due to the increase in revenue and gross profit margin arising from higher margin products and the lean culture practice.

Carotech segment performance was affected by the curtailed operation activity due to the lack of working capital while its debts are being restructured with its lenders.

Year-to-date

For the current period ended 31 December 2010, the Group recorded a revenue of RM81.6 million, an decrease of 52% compared to the revenue of RM171.1 million registered in the corresponding period of the previous financial year. This significant decrease arose from Carotech's revenue not being consolidated with effect from end of August 2010 when it was no longer a subsidiary.

Hovid segment recorded a 27% growth in revenue as compared to the same period for the preceding year. The growth was due to the increase in demand for pharmaceutical products during the current period.

The result of the Group was affected by the following non-recurring items arising from Carotech segment, during the period:-

- a) Allowance for amount owing by Carotech of RM21.5 million, and
- b) Gain on disposal of investment in Carotech of RM10.8 million.

The Group recorded a PBT of RM9.5 million before including the above non-recurring items for the financial period ended 31 December 2010, compared to a PBT of RM10.7 million in corresponding period last year. However, taking into account the non-recurring items, the Group suffered a LBT of RM1.2 million.

The Hovid segment PBT has increased by 49% or RM4.0 million during the current financial period in comparison to the same quarter for the previous financial year. The improved result is mainly due to the increase in revenue and gross profit margin arising from higher margin products and the lean culture practice.



Continuous Innovation & Quality

Hovid Bhd (Company no: 58476 A)

Quarterly financial report (unaudited)

for the second financial quarter of financial year ending 30 June 2011

Explanatory Notes Pursuant to the Listing Requirements of Bursa Malaysia Securities Berhad

B1 Carotech segment performance was affected by the curtailed operational activity due to the lack of working capital while its debts are being restructured with its lenders. Included in the current period of Carotech's segment (as subsidiary) are the above mentioned non-recurring items of RM10.8 million. LBT before the non-recurring items was RM2.7 million as compared to a PBT of RM2.5 million for the same period in the preceding year. Taking into the account the non-recurring items, Carotech segment suffered a LBT of RM13.4 million.

Loss after tax ("LAT") for the current period was RM3.8 million, compared to a profit after tax ("PAT") of RM8.2 million for the previous year corresponding period. The adverse performance mainly arose from Carotech segment. Carotech segment performance was affected by the curtailed operational activity due to the lack of working capital while its debts are being restructured with its lenders. Included in the current period of Carotech's segment (as subsidiary) are non-recurring items totalling RM10.8 million.

B2 Results comparison with preceding quarter

	Quarter ended	
	31 Dec 2010 RM '000	30 Sept 2010 RM '000
Revenue		
Hovid Segment	39,211	34,148
Carotech Segment	-	8,268
Group	39,211	42,416
Profit / (Loss) before taxation		
Hovid Segment	7,138	5,088
Carotech Segment		
- As subsidiary	-	(10,308)
- As associate, share of loss net of tax	(4,202)	1,068
Group	2,936	(4,152)

The Group recorded a revenue of RM39.2 million during the reporting quarter as compared to RM42.4 million for the preceding quarter, representing a reduction of 8%. Carotech segment was not consolidated since Carotech was no longer a subsidiary with effect from end of August 2010. This has resulted in a lower group revenue for the current quarter as compared to the preceding quarter.

The Hovid segment revenue has improved by 15% or RM5.1 million during the current quarter as compared to the preceding quarter.



Continuous Innovation & Quality

Hovid Bhd (Company no: 58476 A)

Quarterly financial report (unaudited)

for the second financial quarter of financial year ending 30 June 2011

Explanatory Notes Pursuant to the Listing Requirements of Bursa Malaysia Securities Berhad

B2 The Group recorded a PBT of RM2.9 million during the reporting quarter as compared to a LBT of RM4.2 million for the cont. preceding quarter. The Hovid segment recorded an increase in PBT of RM2.1 million or 40.3% due to improved sales.

The Carotech segment profit has been equity accounted during the reporting quarter since it is no longer a subsidiary with effect from end of August 2010. The adverse performance of Carotech segment was mainly due to the curtailed operation activity due to the lack of working capital while its debts are being restructured with its lenders.

B3 Commentary on Prospects

Barring any unforeseen circumstances, the outlook for the Hovid segment in the Group is expected to be satisfactory as the Group is actively securing new overseas markets and registration of new products in the Pharmaceutical segment.

The Group will continue to enhance its competitive edge by continually placing emphasis in research and development and improving its production processes to achieve better efficiency in the Pharma Segment.

The coming financial year will be challenging for Carotech with the debt restructuring exercise under the mediation of CDRC presently in progress and the continued poor economic sentiments globally. Nevertheless, the Group will continue to work with its lenders and the CDRC to arrive at an amicable solution for the debt restructuring.

B4 Profit forecast, profit guarantee and internal targets

The Group did not provide any profit forecast, profit guarantee and internal targets in any public document or any announcements made.

B5 Taxation

	Individual quarter 3 months ended 31 December		Cumulative quarter 6 months ended 31 December	
	2010 RM '000	2009 RM '000	2010 RM '000	2009 RM '000
Income taxation	1,996	472	2,908	1,825
Deferred taxation	(388)	304	(289)	675
Based on the results for the quarter/period	1,608	776	2,619	2,501

The effective tax rate of the Group for the financial year is higher than the statutory rate applicable mainly due to certain expenses not allowed for tax deduction.

B6 Profit/(Loss) on sale of unquoted investments and/or properties

There was no disposal of unquoted investments and/or properties for the reporting quarter under review.

B7 Particulars on quoted securities

(other than securities in existing subsidiaries and associated companies)

There were no purchase or disposal of quoted securities during the current quarter.



Continuous Innovation & Quality

Hovid Bhd (Company no: 58476 A)

Quarterly financial report (unaudited)

for the second financial quarter of financial year ending 30 June 2011

Explanatory Notes Pursuant to the Listing Requirements of Bursa Malaysia Securities Berhad

B8 Status of corporate proposal

There are no corporate proposals announced but not completed for the quarter under review other than the following:-

- a On 8 October 2007, the Company had announced an executives' share option scheme ("ESOS") for the benefit of Details of Group's bank borrowings as at 30 June 2010 are as follows :- approved by the shareholders during the Company's Extraordinary General Meeting held on 27 November 2007.
- b On 29 October 2010, the Board announced that the Company is a PN17 Company pursuant to Paragraph 8.04 and Paragraph 2.1(d) of Practice Note 17 of the MMLR. The management is in discussion with its advisors and Bursa Securities on a Regularisation Plan, as required for a PN17 company. The Regularisation Plan would be duly announced in due course as per the requirement of PN17.

B9 Borrowings and debt securities

Details of the Group's bank borrowings as at 31 December 2010 are as follows :-

	Current RM'000	Non-current RM'000	Total RM '000
Secured	21,064	8,801	29,865
Unsecured	27,746	-	27,746
Total	48,810	8,801	57,611

The bank borrowings denominated in foreign currency are as follows:-

Denominated in US Dollar	1,382
Denominated in Philippines Peso	235
Denominated in Indian Rupees	<u>4,091</u>

On 1 July 2010, the Board of Carotech made an announcement pursuant to Guidance Note 5 ("GN5") of the Bursa Malaysia Securities Berhad ACE Market Listing Requirements, that Carotech has defaulted its bank borrowings during the financial year and has sought the assistance of the Corporate Debt Restructuring Committee ("CDRC") to mediate with its banks on a proposed debt restructuring scheme to regularise its borrowings.

As certain of the Company's banking facilities include cross default terms which allows the lender banks to proceed with legal proceedings against the Company, recall the facilities, interest thereon and all other monies payable to the lender banks or to withdraw the facilities if there is a default in repayment by any one of the related companies, the affected banking facilities have been reclassified as current liability in compliance with the provision under FRS 101, Presentation of Financial Statements.

B10 Off balance sheet financial instruments

There were no off balance sheet financial instruments as at the reporting date.

B11 Material litigation

There were no material litigation against the Group as at the reporting date, that arose since the last annual balance sheet date.



Continuous Innovation & Quality

Hovid Bhd (Company no: 58476 A)

Quarterly financial report (unaudited)

for the second financial quarter of financial year ending 30 June 2011

Explanatory Notes Pursuant to the Listing Requirements of Bursa Malaysia Securities Berhad

B12 Dividend

No dividend has been declared or recommended in respect of the financial period under review.

B13 Earnings per share

The basic earning per share has been calculated by dividing the Group's net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the current financial period ended 31 December 2010. For the purpose of calculating diluted earnings per share, the profit/loss attributable to shareholders and the weighted average number of ordinary shares in issue during the quarter/period have been adjusted for the dilutive effects of all potential ordinary shares, ie, warrants in issue.

	Individual quarter 3 months ended 31 December		Cumulative quarter 6 months ended 31 December	
	2010	2009	2010	2009
Net (loss)/profit attributable to shareholders	<u>RM'000</u> 1,469	<u>RM'000</u> (367)	<u>RM'000</u> (3,942)	<u>RM'000</u> 7,468
<u>Number of ordinary shares</u>				
Weighted average number of ordinary shares (basic)	<u>'000</u> 762,080	<u>'000</u> 762,080	<u>'000</u> 762,080	<u>'000</u> 762,080
Effects of Warrants	381,040	381,040	381,040	381,040
Weighted average number of ordinary shares (diluted)	1,143,120	1,143,120	1,143,120	1,143,120
<u>(Loss)/Earning per share</u>				
Earning per share at nominal value of RM0.10 per share:-	<u>Sen</u>	<u>Sen</u>	<u>Sen</u>	<u>Sen</u>
Basic	0.2	(0.0)	(0.5)	1.0
Diluted	0.1	(0.0)	(0.3)	0.7

The comparative figures were recomputed based on the enlarged number of ordinary shares in issue assuming full exercise of the Warrants issued.



Continuous Innovation & Quality

Hovid Bhd (Company no: 58476 A)

Quarterly financial report (unaudited)

for the second financial quarter of financial year ending 30 June 2011

Explanatory Notes Pursuant to the Listing Requirements of Bursa Malaysia Securities Berhad

B14 Realised and unrealised profits and losses disclosure

	As at current period 31/12/2010 RM '000	s at preceding financial year 30/06/2010 RM '000
Total retained profits/(accumulated losses) of Hovid and its subsidiaries:-		
Realised	13,883	Note: Comparative figures are not required in the first financial year of complying with the Realised and Unrealised Profits/Losses Disclosure
Unrealised	(10,776)	
Total	3,107	
Total share of retained profits/(accumulated losses) from associated company:-		
Realised	(3,970)	
Unrealised	836	
Total	(3,134)	
Consolidation adjustments	3,147	
Total group retained earnings/ (accumulated losses)	3,120	

Authorisation for issue

On 25 February 2011, the Board of Directors authorised this interim report for issue.

On behalf of the Board,

Goh Tian Hock

Ng Yuet Seam

Joint Secretaries